



# Overcoming Barriers to Singapore SME Decarbonisation

October 2024

**BAIN & COMPANY** 

**SINGAPORE  
BUSINESS  
FEDERATION**  
Apex Business Chamber

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The report “Overcoming Barriers to Singapore SME Decarbonisation” is jointly produced by a collaboration between Bain & Company and Singapore Business Federation. Contributing authors are as follows:

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# Table of Contents

<b>1</b>	<b>Executive summary</b>	<b>4</b>
<b>2</b>	<b>Introduction</b>	<b>8</b>
<b>3</b>	<b>Why should SMEs decarbonise?</b>	<b>14</b>
<b>4</b>	<b>Where are we now?</b>	<b>18</b>
<b>5</b>	<b>What needs to change?</b>	<b>24</b>
<b>6</b>	<b>What should we do next?</b>	<b>31</b>



1

# Executive Summary

# Decarbonisation value for SMEs can be unlocked by enhancing their capabilities and matching them with available market solutions

## EXECUTIVE SUMMARY

Decarbonisation is crucial and **has potential to create value for SMEs**

About **50%** of SMEs that have started decarbonisation have realised value creation benefits<sup>1</sup>

But **majority of SMEs** in Singapore **have not yet made decarbonisation progress**

Only **1/3** of SMEs have made significant decarbonisation progress (vs. ~80% of non-SMEs)

**Regulatory pressure is the main motivator** to incentivise SMEs to decarbonise

**47%** of SMEs cite regulatory compliance as primary motivator to decarbonisation

**Lack of awareness and in-house capability** emerge as key barriers

**60%** of SMEs lack in-house decarbonisation capability

**46%** of SMEs lack awareness of solutions

**Accelerating decarbonisation of Singapore SMEs is vital to reducing emissions and unlocking economic value**

**Key to this is enhancing SME capabilities and matching SMEs with existing solutions as regulations evolve in parallel over time**

Note: 1) Value creation benefits are achieved through customer advocacy, cost savings, and cost avoidance  
Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Bain analysis

# Foreword by Bain & Company



## Gerry Mattios

Co-director of Global  
Sustainability  
Innovation Center,  
Bain & Company

As we stand at the crossroads of a rapidly evolving global landscape, the urgency for our world and Singapore to address climate change has never been more pronounced. This report, “Overcoming Barriers to Singapore SME Decarbonisation” comes at a critical juncture, underscoring the pivotal role that small and medium enterprises (SMEs) play in the nation’s collective journey towards a sustainable future.

SMEs are the backbone of our economy, contributing significantly to employment, innovation, and GDP. However, they also account for a substantial portion of greenhouse gas emissions. The path to decarbonisation for SMEs is fraught with challenges, from financial constraints and limited capability to the complexity of integrating sustainable practices into existing business models that perhaps have a different set of priorities. Yet, it is within these challenges that we find immense opportunities.

This report highlights the strides made by forward-thinking SMEs that have embraced decarbonisation not just as a regulatory compliance or ethical obligation, but as a strategic business imperative. These enterprises have demonstrated that sustainability and profitability are not mutually exclusive. By reducing their carbon footprint, they have unlocked new avenues for cost savings, enhanced their competitive edge, and garnered greater customer loyalty.

A recurring theme in our findings is the critical need for support systems that enable SMEs to navigate the decarbonisation landscape. Financial assistance, capacity building, and access to cutting-edge technology emerge as vital enablers. Moreover, the role of partnerships cannot be overstated. Collaboration with financial institutions, technology providers, and government bodies is essential in creating an ecosystem that fosters sustainable growth.

In closing, this report serves not just as an analysis of the current state of SME decarbonisation in Singapore, but as a call to action. It challenges us all—business leaders, policymakers, and stakeholders—to galvanise our efforts and support SMEs in their quest for sustainability. By doing so, we not only contribute to a greener planet but also pave the way for a more resilient and inclusive economy.

Let us move forward with a shared vision and a steadfast commitment to a sustainable future. Together, we can turn the tide on climate change and build a legacy of which future generations will be proud.

# Foreword by Singapore Business Federation (SBF)



## Ping Soon Kok

Chief Executive Officer,  
Singapore Business  
Federation

Small and medium-sized enterprises (SMEs) are the backbone of Singapore's economy, comprising 99% of all enterprises and employing more than 70% of the workforce. SMEs are crucial players in Singapore's national efforts to reach net-zero emissions by 2050. Yet, they may not be well understood or well served, as most existing decarbonisation initiatives focus on larger enterprises.

To better understand SMEs' progress on their decarbonisation journeys, identify the barriers they face, and determine what needs to be done to accelerate their efforts, the Singapore Business Federation (SBF) and Bain & Company have conducted this large-scale survey, which is the first of its kind focusing specifically on Singapore's SMEs.

A key finding is that decarbonisation initiatives can unlock significant value even at the early stages of an SME's journey, challenging the common perception that such efforts are costly with minimal tangible benefits. While it is encouraging that SMEs have unlocked value, those that have taken further steps are few, with efforts primarily focused on short-term decarbonisation priorities. More can be done to help them maximise the impact of their efforts and achieve greater progress. SMEs face three main challenges: limited in-house capacity and capability (manpower), insufficient awareness of existing solutions (knowledge), and inadequate financing support (cost).

Despite the availability of resources like playbooks, training courses, green financing products, consultancy services and carbon reporting platforms, many SMEs struggle to utilise them. These resources tend to be offered by different providers and may not be consistent. Most of them focus on only one aspect of decarbonisation journey (e.g., measuring emissions or setting targets), rather than end-to-end coverage. Additionally, they rarely offer the hands-on support SMEs need and can be expensive. They do not address SMEs' manpower, knowledge, or cost challenges. We need a better solution.

Given the large number of SMEs and the shortage of sustainability experts, this solution must also be scalable. To address these challenges, SBF collaborated with Bain & Company and other partners to roll out a pilot programme, starting with 21 food manufacturing SMEs. One differentiating element of this programme is our proprietary AI-powered digital solution, which automates some typical tasks of a Chief Sustainability Officer (CSO). Using this tool, SMEs can tailor company-specific decarbonisation plans 75% more efficiently than traditional manual processes, thus mitigating their manpower, knowledge, and cost challenges. The enterprises thus enjoy the benefits of a CSO, without having to employ one. We are heartened by the pilot's success and will expand this programme to benefit more SMEs.

SBF and our partners are committed to support SMEs on their decarbonisation journey and seize long-term value-creation benefits. Let us go green, go fast, and go far, together.

The image features a large, white, stylized number '2' on the left side. The background is a composite image showing two solar panels in the foreground, a body of water in the middle ground, and a city skyline with several skyscrapers in the background. A thin red vertical line is positioned to the right of the number '2'.

2

Introduction



Singapore aims to achieve net-zero emissions by 2050; SMEs, contributing approximately 44% of GDP, are vital to this mission

INTRODUCTION

## Singapore's Commitment

Singapore is committed to the United Nations 2030 Sustainable Development Agenda and Paris Agreement and aims for **net-zero emissions by 2050**



~44%

SMEs' contribution to Singapore's GHG emissions<sup>1</sup>

Note: 1) Based on economic activity  
Sources: Singapore Department of Statistics; National Climate Change Secretariat

# SBF and Bain's launch of an AI-powered SME decarbonisation programme leverages insights from SME decarbonisation market study

## INTRODUCTION

### SME DECARBONISATION PROGRAMME

#### SMEs gain access to

- 1 **Generative AI-powered decarbonisation tool** to create quality plans with minimal effort and expertise
- 2 **Expert-led decarbonisation workshops** with structured sectoral training
- 3 **Support to secure financial and non-financial support** (e.g., supplier access, upskilling)
- 4 **Ongoing advisory** from decarbonisation experts to be future-proof for upcoming regulations

#### SMEs have potential<sup>1</sup> to achieve up to

**50%–70%**

Scope 1 and 2 emissions reduction

**4%–5%**

Higher EBITDA margins<sup>2</sup>

**40%–50%**

Lower energy costs per unit<sup>3</sup>

Programme designed based on **comprehensive SME decarbonisation study in Singapore**

*(deep dive on next pages)*

Notes: 1) Based on industry benchmark, which can differ based on company size and stage of decarbonisation; 2) EBITDA margin = average EBITDA/2019–2021 revenue, sample restricted to companies from Europe/northern America with more than USD 1 billion in revenue compared to carbon maturity as defined by EcoVadis carbon scorecard rating, validated with Singapore-specific data points on revenue uplift from charging 1%–10% premium for sustainability product, average electricity cost savings from electrification (after accounting for capex installation), switching from fossil to solar energy, and cost avoidance from carbon tax impact on fossil electricity cost and green bonds interest rate delta against traditional bonds; 3) Based on 40%–50% lower costs of solar electricity vs. grid electricity | Sources: CDP 2022 data report; EcoVadis; S&P Capital IQ; Bain analysis

# The study was conducted with Singapore SMEs to answer four key questions on decarbonisation

## INTRODUCTION



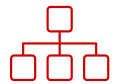
**~500**

SME survey respondents



**20+**

Sectors



**21**

SMEs in pilot programme



**1**

**Why should SMEs decarbonise?**

**2**

**Where are we now?**

**3**

**What needs to change?**

**4**

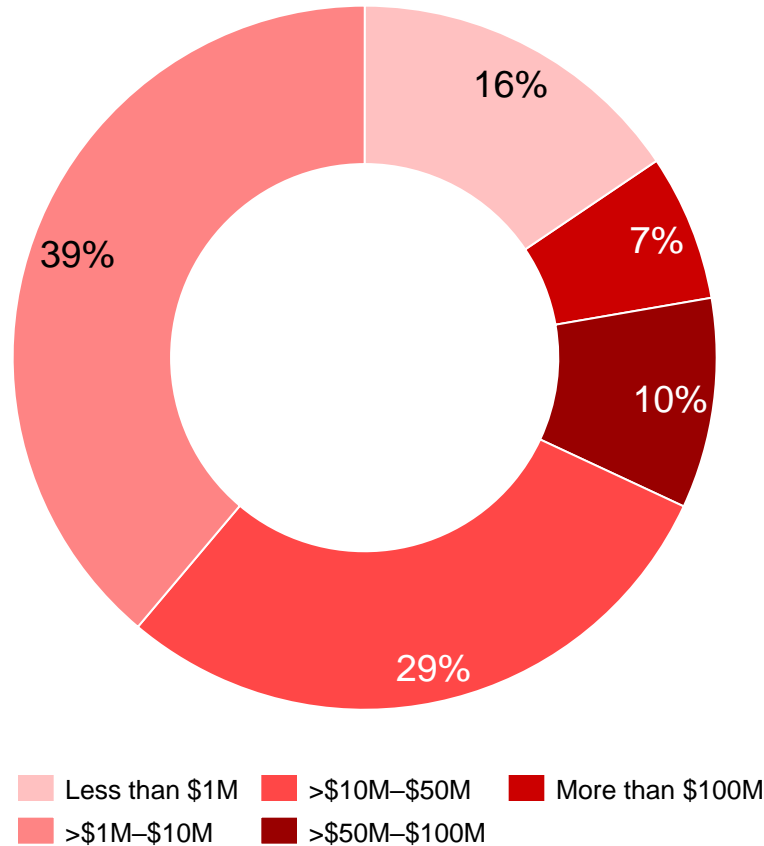
**What should we do next?**

# SME decarbonisation study leverages insights from Singapore SMEs with good representation across revenue segments and sectors

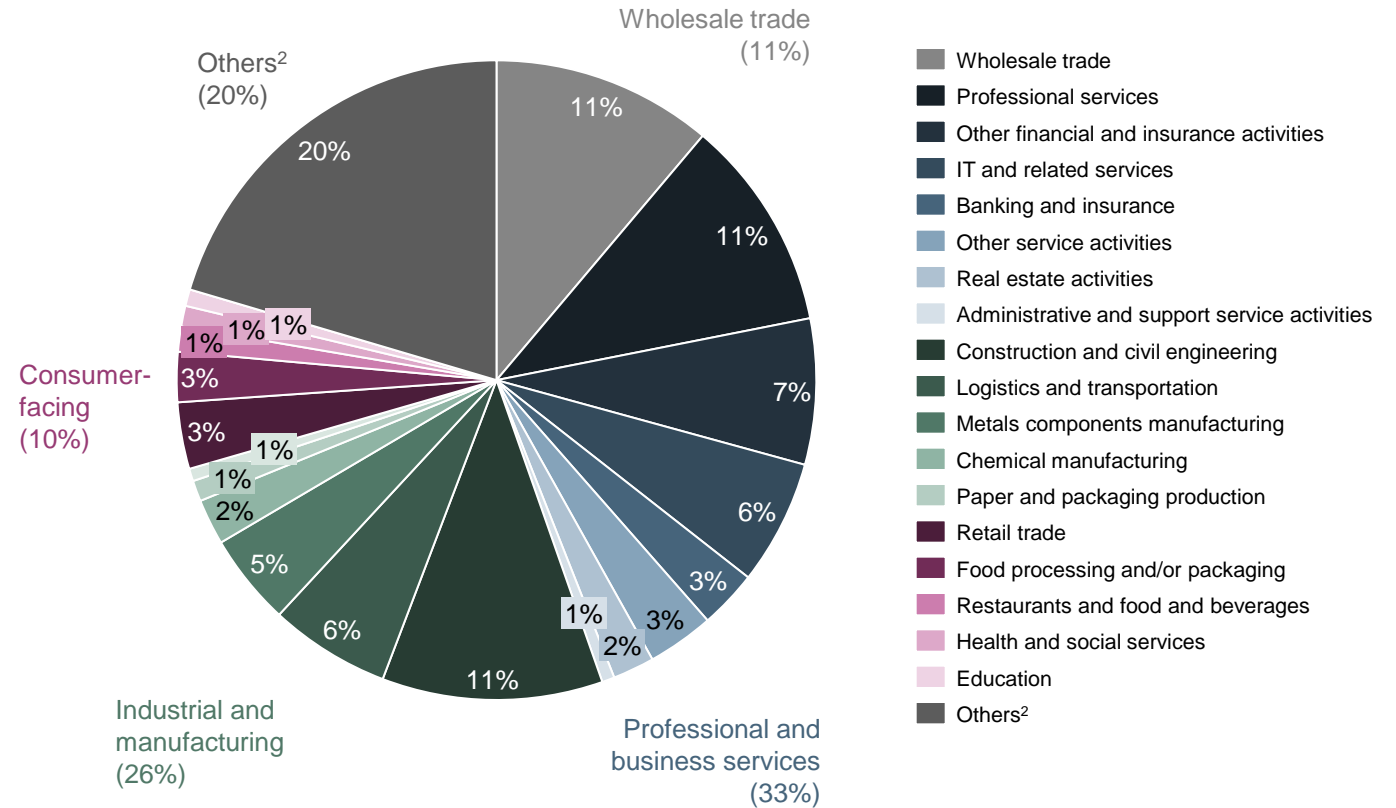
## RESPONDENT PROFILE

### Respondents by revenue segment

Annual revenue (SGD)



### Respondents by sector



Notes: 1) SMEs are companies with annual revenue less than SGD 100 million or fewer than 200 employees; 2) Others refers to companies within sectors, such as agriculture and fishing, mining and quarrying, water supply, sewerage and waste management, public administration and defence, and arts, entertainment, and recreation | Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Bain analysis

# Companies are evaluated across five stages of maturity based on their level of decarbonisation progress

## INTRODUCTION

### Advanced

Companies that have taken **strong actions to decarbonise** (i.e., designed long-term decarbonisation strategy or acquired green financing)

### Mid

Companies that have taken **moderate steps to decarbonise** (i.e., started emissions reporting, identified emissions reduction initiatives or committed to science-based targets)

### Basic

Companies that have taken **basic steps to decarbonise** but have yet to make action-oriented plans (i.e., undergone sustainability training, identified emission baseline, or used emissions accounting tools)

### Beginning

Companies that have taken **initial steps to decarbonise** (i.e., just started introducing the concept of decarbonisation within firm)

### Not started

Companies that have **not taken steps to decarbonise** (i.e., they are unsure of how or where to start)



3

Why should SMEs  
decarbonise?

# SMEs that have successfully translated decarbonisation commitments into action have achieved value creation benefits

## WHY SHOULD SMEs DECARBONISE

**~50%**  
of SMEs that have started decarbonisation have realised value creation benefits<sup>1</sup>

**SMEs with stronger decarbonisation commitments are 1.5–2 times more likely to achieve benefits from decarbonisation initiatives**

Percentage of SMEs at different stages of decarbonisation achieving value creation benefits from decarbonisation

	Value creation benefits <sup>1</sup>	Customer advocacy <sup>2</sup>	Cost savings <sup>2</sup>	Cost avoidance <sup>2</sup>
Mid and advanced stages	58%	34%	31%	10%
Beginning and basic stages	37%	18%	21%	5%

Note: 1) Value creation benefits include customer advocacy, cost savings, and cost avoidance; 2) These three benefits (customer advocacy, cost savings, and cost avoidance) are not mutually exclusive, therefore, values do not add up to total "Value creation benefits" (leftmost column) | Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Bain analysis

# Decarbonisation unlocks value through green premiums, cost savings from operational efficiency, and avoidance of high compliance costs

## WHY SHOULD SMEs DECARBONISE



### Customer advocacy

- **Higher price premium** potential with sustainability as a differentiator
- **Increased market share** by attracting new ESG-focused customers



### Cost savings

- **Improved operational efficiency** with cost-optimised measures (e.g., switch to solar energy, water and waste savings)
- **Green grants and public funding** captured by early adopters



### Cost avoidance

- Business future-proofed to avoid potential **high regulatory compliance risks** (e.g., higher energy cost with carbon tax)
- **Lower financing costs** with enhanced ESG ratings

**+4%–5%** EBITDA margins<sup>1</sup>

Notes: 1) EBITDA margin = average EBITDA/2019–2021 revenue, sample restricted to companies from Europe/North America with more than USD 1 billion in revenue compared to carbon maturity as defined by EcoVadis carbon scorecard rating, validated with Singapore-specific data points on revenue uplift from charging 1%–10% premium for sustainability product, average electricity cost savings from electrification (after accounting for capex installation), switching from fossil to solar energy, and cost avoidance from carbon tax impact on fossil electricity cost and green bonds interest rate delta against traditional bonds | Sources: CDP 2022 data report; EcoVadis; S&P Capital IQ; Bain analysis



# Case Study: SMEs implementing decarbonisation initiatives realise value creation benefits, including cost savings, customer retention, and future-proofing of business

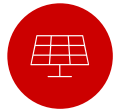
## WHY SHOULD SMEs DECARBONISE

### Gryphon Tea Company

#### Company overview

Singapore-based tea manufacturing company serving APAC customers

#### Key initiatives



Installed solar panels



Optimised HVAC system



Transitioned from virgin plastic

#### Key value creation benefits

**~5%** **Cost savings** from reduced packaging procurement and HVAC optimisation



**Successful retention of customers** demanding lower plastic use



**Realisation of energy cost savings from solar panel** with expected breakeven in 10 years (vs. ~30-year lifespan of solar panel)

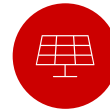
Sources: Expert interviews; Bain analysis

### People Bee Hoon Factory

#### Company overview

Singapore-based noodles manufacturing company serving global customers

#### Key initiatives



Installed solar panels



Optimised washing process



Adopted thinner plastic packaging

#### Key value creation benefits

**~30%** **Electricity cost savings** from installation of solar panels

**~50%** **Reduced water consumption**



**Successful future-proofing of business** to comply with EU and US regulations



4

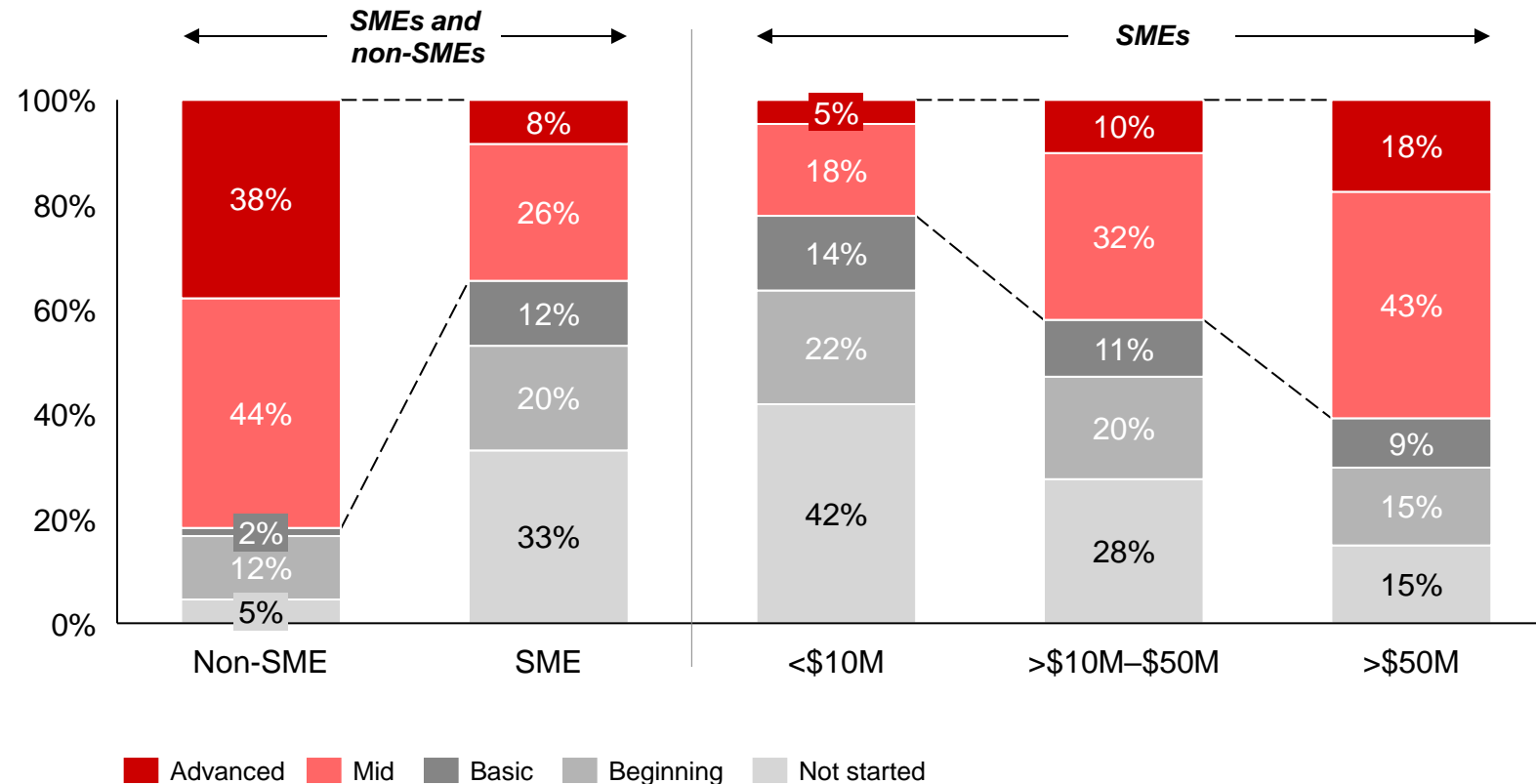
Where are we now?

# Size matters; SMEs are decarbonising more slowly than non-SMEs, with smaller SMEs lagging behind larger SMEs

WHERE ARE WE NOW

## Strong correlation observed between company size and progress

### Decarbonisation stages among all respondents



### Key takeaways



- 1 Only one-third of SMEs have made significant decarbonisation progress compared to roughly 80% of non-SMEs
- 2 Only about 20% of smaller SMEs<sup>1</sup> have made significant decarbonisation progress compared to approximately 60% of larger SMEs<sup>2</sup>

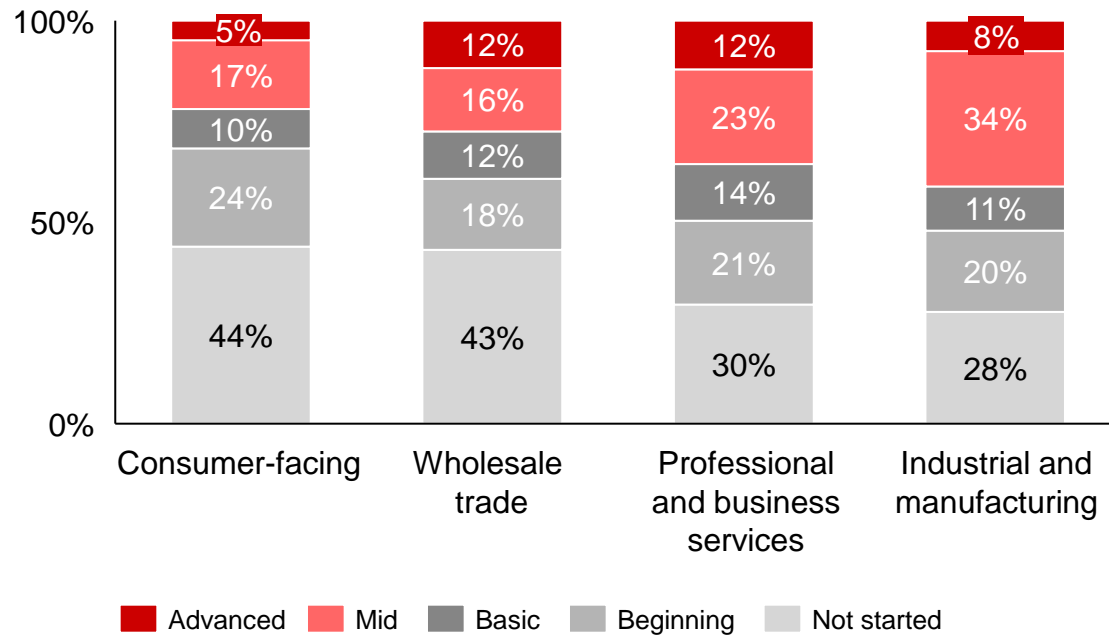
Notes: 1) Smaller SMEs refer to SMEs with annual revenue less than SGD 10 million; 2) Larger SMEs refer to SMEs with annual revenue greater than SGD 50 million  
Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Bain analysis

# Consumer-facing SMEs show about two times less decarbonisation progress due to perceived lower customer pressure compared to B2B sectors

## WHERE ARE WE NOW

**Status of decarbonisation fairly consistent across sectors, but consumer-facing sector is lagging ...**

### Decarbonisation stages among SMEs across sectors



**... primarily due to lower perceived demand signals from retail by ~2x vs. corporate customers**

### Percentage of SMEs highlighting customer requirements as a key driver for decarbonisation<sup>4</sup>

Consumer-facing <sup>1</sup>	10%
Wholesale trade	17%
Professional and business services <sup>2</sup>	25%
Industrial and manufacturing <sup>3</sup>	26%

Notes: 1) Consumer-facing sector refers to retail trade, hotels and accommodations, restaurants and food and beverages, health and social services, food processing and/or packaging, and education sectors; 2) Professional and business services sector refers to professional services, real estate activities, banking and insurance, other financial and insurance activities (e.g., holding/investment companies), IT and related services, administrative and support service activities, and other service activities sectors; 3) Industrial and manufacturing sector refers to logistics and transportation, textile manufacturing, paper and packaging production, chemical manufacturing, metals components manufacturing, and construction and civil engineering sectors; 4) percentage of SMEs that have not started decarbonisation

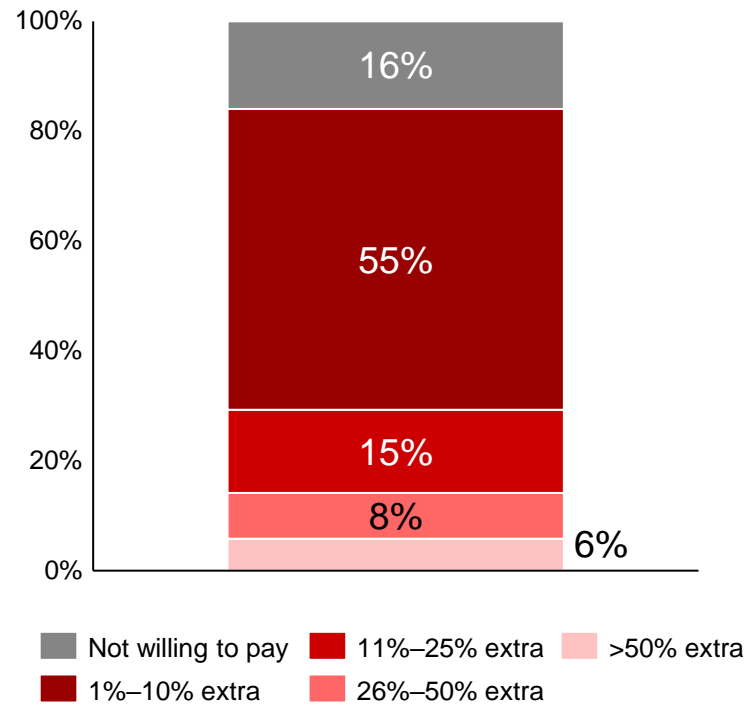
Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Bain analysis

# However, about 80% of individuals in Singapore are willing to pay for sustainable products, though most are new to green shopping and face “at-purchase” barriers

## WHERE ARE WE NOW

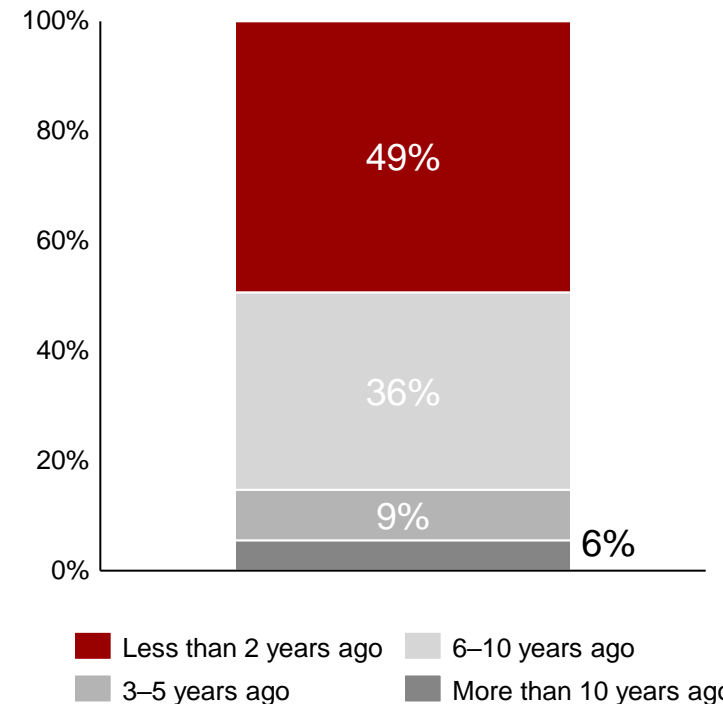
### Singapore consumers willing to pay ~13% sustainability premium<sup>1</sup>

Percentage of Singapore respondents willing to pay premium for sustainable products (with positive environment impact)



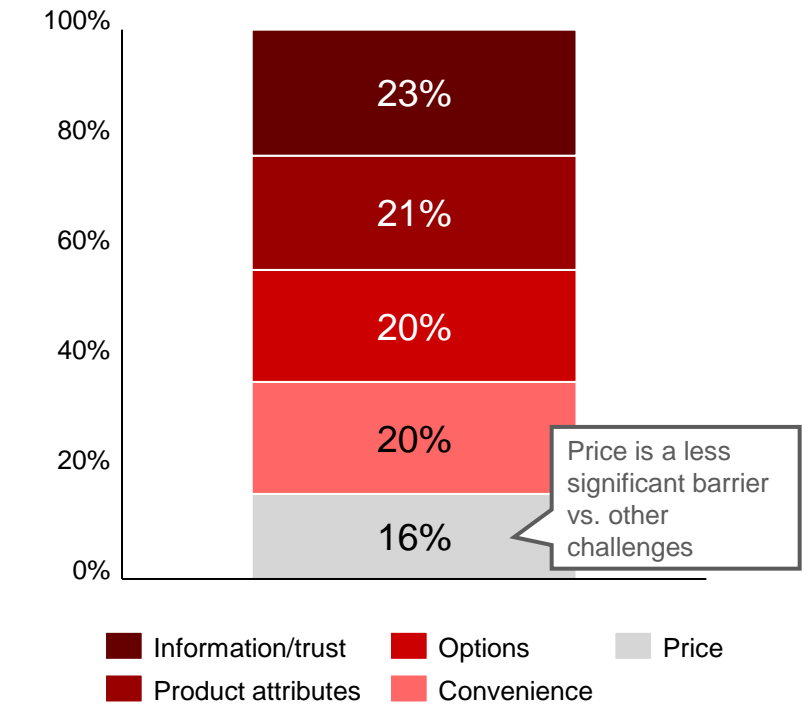
### Recent shift in shopping behaviours; majority started sustainable shopping recently

First time when sustainability-conscious consumers actively started shopping for sustainable products



### Information/trust on sustainable products emerging as the biggest challenge faced by consumers in sustainable shopping

Challenges consumers face when shopping sustainability



Note: 1) Based on weighted average of respondent against average price premium in each price range

Source: Bain January 2022 APAC ESG Survey (Singapore, Australia, Japan, South Korea, Thailand, Malaysia, Vietnam, China, India, Indonesia, Philippines; n=16,824)

# SMEs are currently focusing on short-term decarbonisation priorities; concrete long-term action remains weak

## WHERE ARE WE NOW

Among SMEs that have started decarbonisation journey, long-term progress remains slow

SMEs are primarily focused on identifying initiatives and training

51%

have identified reduction initiatives<sup>1</sup>

44%

have undergone training<sup>1</sup>

Few have translated this into long-term business commitments

14%

have committed to reduction target<sup>1</sup>

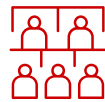
14%

have designed a sustainability strategy<sup>1</sup>

However, long-term planning can enable SMEs to maximise impact of decarbonisation efforts by ...



Identifying the right opportunity to implement initiatives with **minimal disruption** (e.g., installing automation equipment during factory layout changes)



Anticipating **regulatory and market changes**



**Optimising resource allocation** to maximise efficiency and profitability

Note: 1) Percentage among SMEs that have started their decarbonisation journey  
Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Bain analysis

# Case Study: Chee Seng Oil effectively leveraged long-term planning to transform factory operations and significantly reduce emissions

## WHERE ARE WE NOW

### Factory shift transformation journey started 10 years ago

- 2012**  
Started equipment sourcing by visiting global factories to explore new, energy-efficient technologies
- 2017**  
Designed new factory layout and plans
- 2019**  
Conducted engineering trials and equipment commissioning to test proper functionality
- 2023**  
Officially commissioned the new factory at full capacity

### Despite challenges during execution ...

- Absence of recent experience with factory designing and relocation
- Ageing system and need for modernisation to accommodate future demands necessitate a comprehensive system overhaul

### ... firm was motivated by value creation benefits



Energy-efficiency improvements



Ability to fulfil higher customer demand

### Results

**~35%**

reduction in total Scope 1 and 2 emissions from

Automating equipment and processes with IoT<sup>1</sup>

Installing electric kiln/roaster

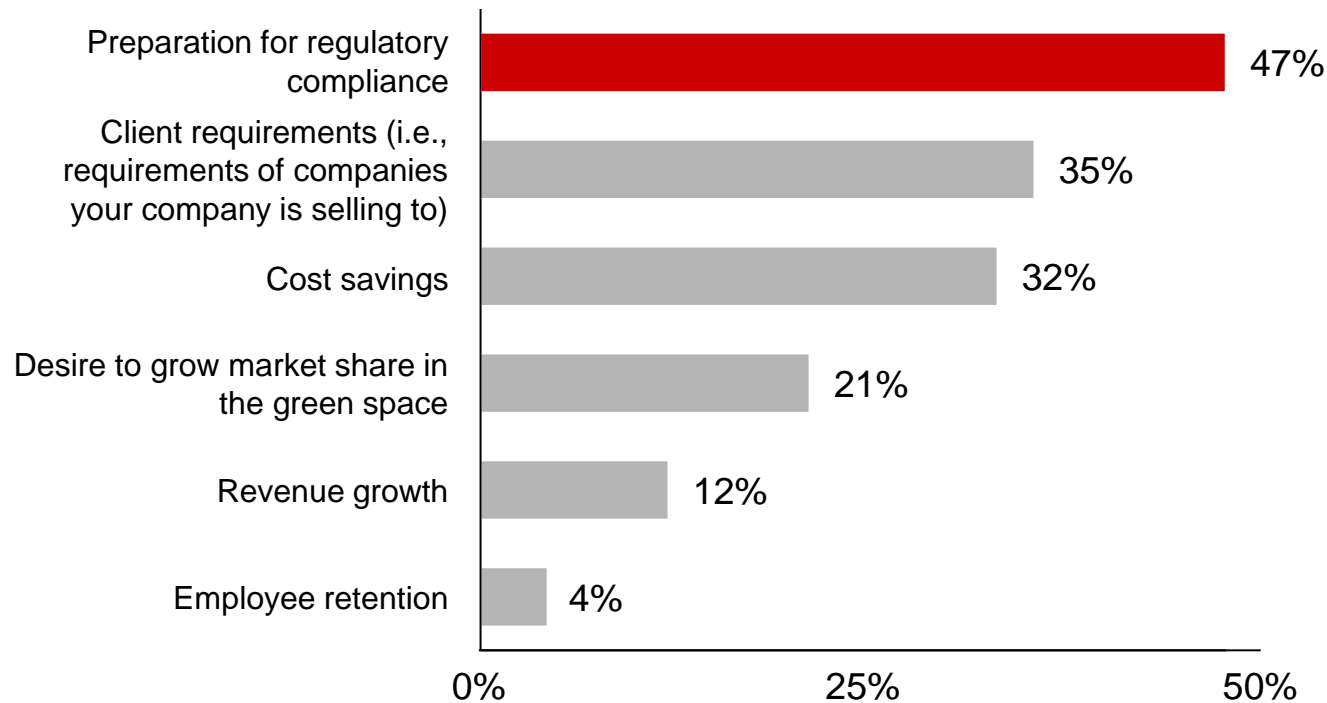
Note: 1) Internet of things  
Sources: Bain analysis; Chee Seng Oil interview

# Regulatory compliance remains the top push factor for SMEs to decarbonise, cited by 47% as the primary motivator

WHERE ARE WE NOW

## Regulatory compliance is a key motivator for SMEs to decarbonise

### Main motivation to drive decarbonisation<sup>1</sup>



Note: 1) Non-unique respondents, as SMEs can select multiple (up to two) options for this question  
Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Bain analysis

## Voice of SMEs

“

We will start decarbonisation if it is a **mandatory requirement from the government**, just like why we started packaging reporting.

“

As a SME, we do not have resources to dedicate full-time staff towards decarbonisation efforts **when it is not mandated by the government**.

“

[The] main reason why we started decarbonisation was due to **compliance requirement from SGX** for all listed firms, including SMEs.



A man in a dark blue suit and striped shirt is looking upwards with a thoughtful expression. He is holding a smartphone in his right hand and a bag strap is visible over his shoulder. The background consists of tall, modern glass skyscrapers under a clear sky, with some greenery in the foreground.

5

What needs to  
change?

# While structural changes like regulatory mandates are necessary, they require time, with an iterative, test-and-learn implementation process through a phased approach

## WHAT NEEDS TO CHANGE

### Internationally, we have seen sustainability regulations expanded to SMEs

#### EU Corporate Sustainability Reporting Directive (CSRD)

#### Overview of regulation

- CSRD mandates **annual disclosure** of relevant environmental impact data, including value chain impact
- Aims to **provide transparency and uniformity** for corporate sustainability reporting and support companies with implementation of sustainable practices

#### Impact on SMEs

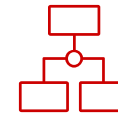
- SMEs that are **part of larger companies' supply chains** might be required to provide ESG data, so early compliance is recommended
- Regardless, listed SMEs in EU are **mandated from 2026**

#### Timeline

- Phased rollout from 2024 to 2028
  - 2024: Large EU-listed companies
  - 2026: SMEs listed in EU
  - 2028: Non-EU parent companies with more than €150 million turnover in EU

### Phased approach was taken to overcome initial stakeholder resistance

Given unforeseen stakeholder resistance with early adoption, EU has adopted an iterative, test-and-learn implementation process



**Gradual rollout** to test the new regulations, identify potential issues, and make necessary adjustments



**Public stakeholder consultations** conducted to bring trust and transparency



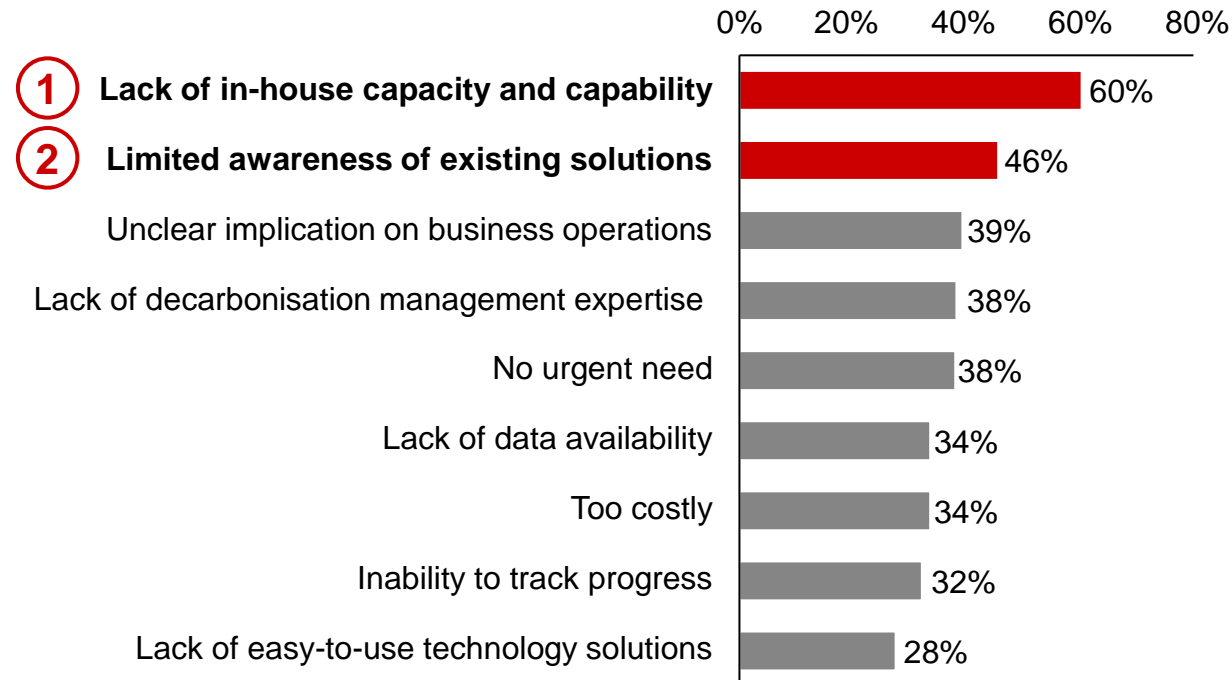
**Support mechanisms** around financial and technical assistance to help businesses comply

Note: 1) Non-unique respondents, as SMEs can select multiple (up to two) options for this question  
Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Bain analysis

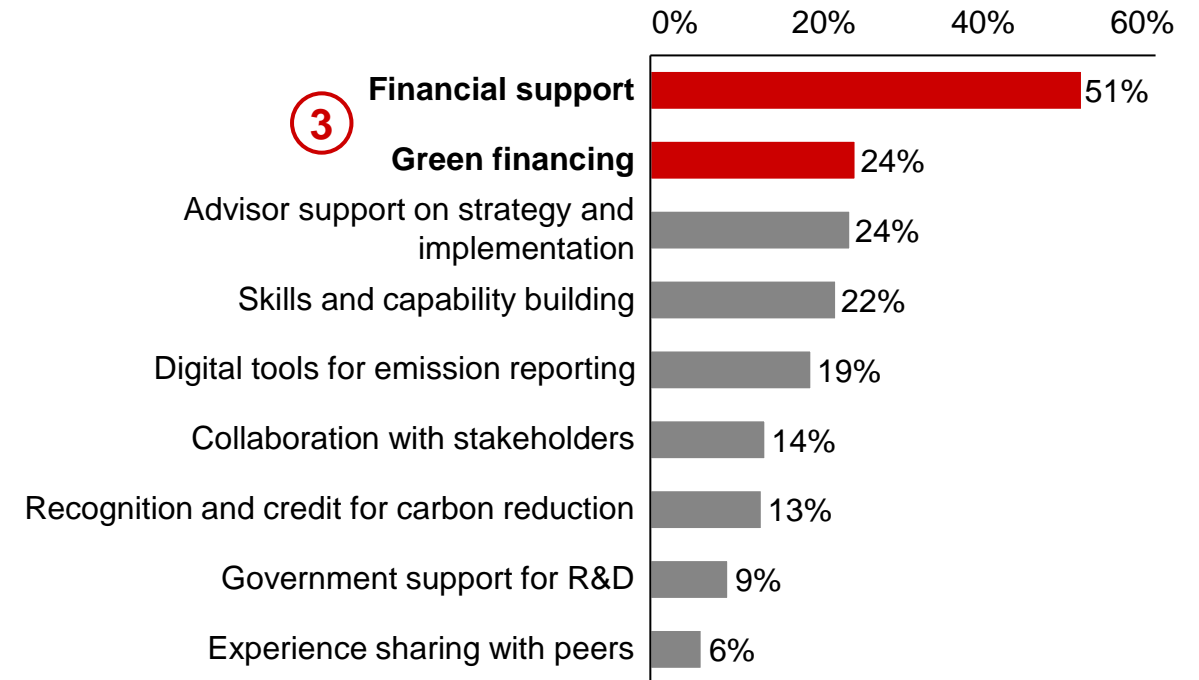
# To prompt immediate action within SMEs, it is crucial to bridge the awareness, capability, and financing barriers to start decarbonisation efforts

## WHAT NEEDS TO CHANGE

### Top three challenges companies faced in decarbonisation<sup>1</sup>



### Top two most important areas of support required to accelerate decarbonisation<sup>1</sup>



**1** Lack of in-house capability

**2** Limited awareness of existing solutions

**3** Lack of financing support

Note: 1) Non-unique respondents, as SMEs can select numerous options for each question  
Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Bain analysis

# Capability: SMEs struggle to hire despite a growing pool of green talent, highlighting a need for increased support to enable SMEs to access green talent

## WHAT NEEDS TO CHANGE

**Lack of team capacity and capability is a key challenge**



60% of SMEs highlight **team capacity and capability as a main barrier** to decarbonisation

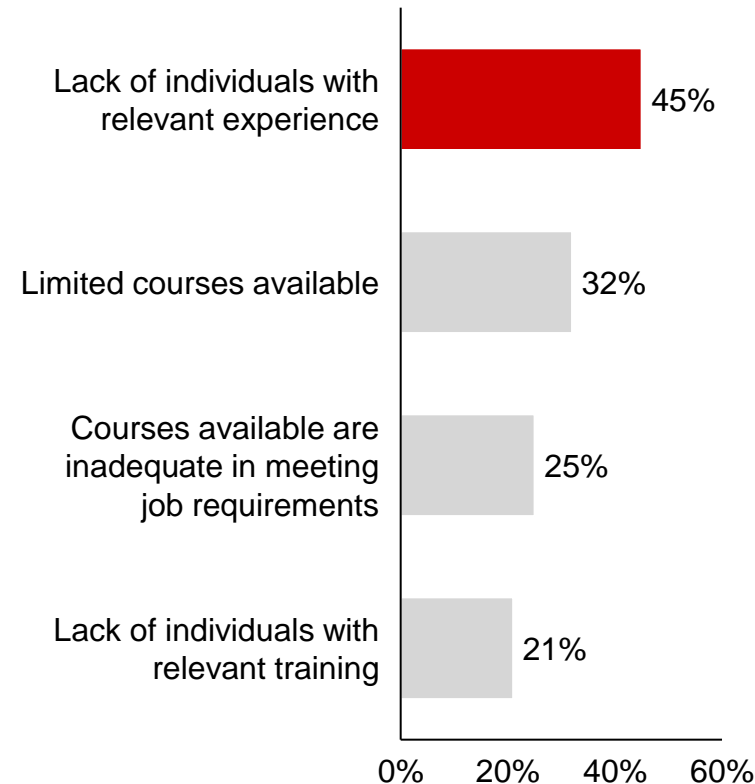
**However,**



68% of all SMEs have **no concrete plans to hire or reskill** for sustainability roles<sup>1</sup>

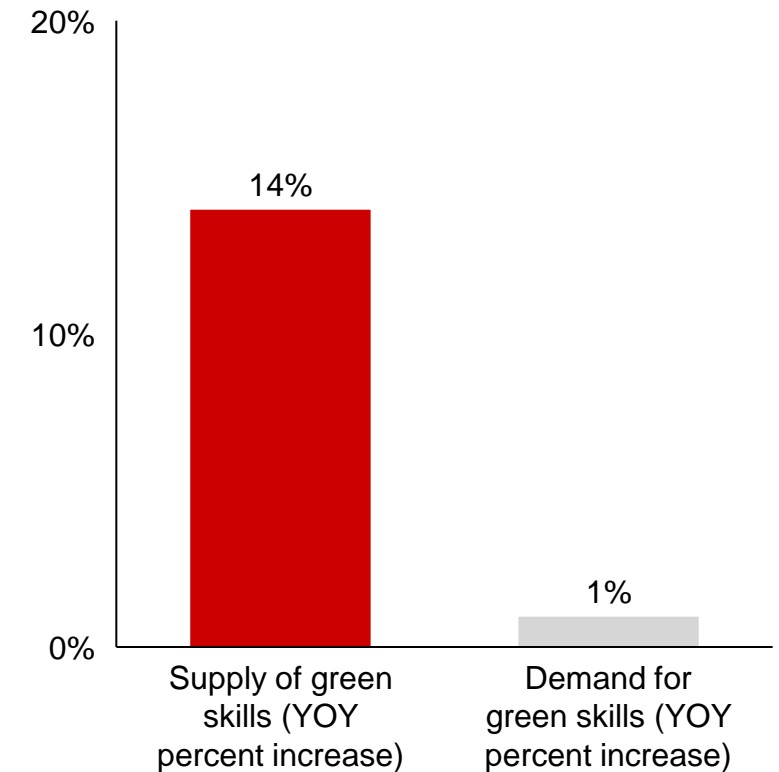
**Many SMEs struggle to find right sustainability talent ...**

Main challenges highlighted by companies with plans to hire/reskill sustainability roles<sup>1</sup>



**... despite a growing pool of green talent in Singapore**

Green talent grew by 14% in Singapore, faster than growth in green job listings



Note: 1) Respondents who selected "None" and "I don't know" for hiring or reskilling plans for sustainability roles in the next 1-2 years; 2) Non-unique respondents, as SMEs can select numerous options for each question  
Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Global Green Skills Report 2023; Literature search; Bain analysis

# Awareness of existing solutions: SMEs continue to highlight knowledge gaps; government-led sustainability initiatives observed low uptake and awareness

## WHAT NEEDS TO CHANGE

Despite availability of government-led sustainability training initiatives ...

### 2021

- **Enterprise Sustainability Programme (ESP)**  
Provides SMEs support through sustainability courses, partner programmes, and access to green financing
- **ESP – LowCarbonSG Programme by UN GCNS<sup>1</sup>**  
Guides SMEs to measure, monitor, and reduce emissions

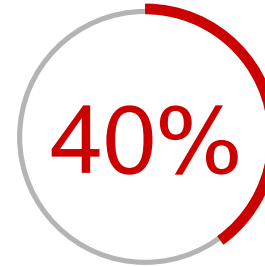
### 2022

- **ESP – Schneider Electric’s SME Kickstarter Decarbonisation Programme**  
Training and mentorship programme for SMEs to understand key concepts and identify opportunities
- **Career Conversion Programme for Sustainability Professionals**  
Training and reskilling of employees for sustainability roles

### 2023

- **ESP Sustainability Playbook**  
Provides knowledge through foundational, sectoral playbook

... there remains low uptake and awareness among SMEs; the majority still face knowledge gaps to decarbonise



of SMEs have used sustainability training initiatives<sup>2</sup>



of SMEs are unaware of the initiatives<sup>2</sup>

46%

of SMEs cite knowledge gaps as main barrier to decarbonisation<sup>3</sup>

Note: 1) UN Global Compact Network Singapore; 2) Figures (22%, 40%) are not mutually exclusive, with only SMEs who are aware of the initiatives being asked if they have made use of them; 3) Main barrier refers to SMEs who have selected “Limited awareness of existing solutions” as one of their top three challenges faced in decarbonisation | Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Enterprise Singapore; Global Compact Network Singapore; SBF; Bain analysis

# Financing support: Majority of SMEs highlight need for financing of green initiatives

## WHAT NEEDS TO CHANGE

### SMEs seek financing support ...

**~67%**

of SMEs<sup>1</sup> need **public funding** support and **green financing** to accelerate decarbonisation

### ... despite availability of green funding

#### CASE STUDY

#### Energy Efficiency Fund

Launched in 2017, provides co-funding to SMEs for energy efficiency equipment

**87%**

of ~**S\$27M budget** for Energy Efficiency Fund<sup>2</sup> is **still available**

#### Funding challenges

##### 1 Insufficient project inflow

“ We have funding for SMEs ... we do not turn down many applications, however, **not enough SMEs come with ideas to request funding**”

Senior devt. partner, Government agency

##### 2 Lack of reliable data

“ SMEs **struggle to provide reliable data or certifications** to banks on emissions abatement, hindering funding access ...”

Senior exec., Sust. financing, Global bank

Notes: 1) Unique SME respondents who selected either option; 2) E2F is subsumed under the expanded Energy Efficiency Grant (EEG) co-funding up to S\$30k with total project cost of S\$26,864,700, according to MOF Budget for Energy Efficiency Fund (E2F) – Energy Efficient Technologies and Energy Efficiency Fund (E2F) - Energy Management Information System (EMIS); From 1 April 2024, companies in the manufacturing, food services, and retail sectors can apply for the EEG. EEG will be further expanded to cover maritime, construction, data centers and their users by end 2024; more information will be available in due course

Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); Ministry of Finance Budget 2024 Revenue Expenditure Estimates; Lit. search; Bain analysis



6

What should we do next?

# The good news: Bridging awareness, capability, and financing gaps can unlock significant SME decarbonisation progress in the immediate term

## WHAT SHOULD WE DO NEXT

**~60%**  
of SMEs in high-emission sectors<sup>1</sup> view decarbonisation as a business priority<sup>2</sup>

### | SMEs can be supported in their decarbonisation journey by:

**1** **Capability:** Offer SMEs a simple, guided process to develop and integrate sustainability plan into existing long-term business plan

“We are resource-constrained and can only afford a **part-time sustainability officer** to integrate initiatives that **support our bottom line.**”

*Head of Operations, Food Services SME*

**2** **Awareness and knowledge:** Empower SMEs to share insights on value creation opportunities with sectoral peers

“Understanding **value and estimated cost savings** of initiatives can help convince stakeholders of our **sustainability value proposition.**”

*Owner, Processed Food Manufacturing SME*

**3** **Financing support:** Connect SMEs to an ecosystem of relevant suppliers and financing providers via a streamlined process

“We face challenges when sourcing and applying for loans, so a **list of ‘endorsed’ banks and vendors with simple applicable process** is helpful.”

*Head of Strategy, Noodles Manufacturing SME*

Note: 1) High-emission sectors refers to sectors with Scope 1 and 2 emission intensity range of more than 300 metric tons of CO2 equivalent/revenue in USD millions, which include logistics and transportation, paper and packaging production, and chemical manufacturing sectors; 2) Refers to companies that are likely or willing to put more resources (time and money) behind decarbonising operations  
Sources: SBF Bain SME Decarbonisation Survey 2024 (n=476); CDP; Bain analysis



# In response, Bain, SBF, and Enterprise Singapore have launched the Sectoral Net Zero Transition Programme to tackle these gaps

## WHAT SHOULD WE DO NEXT

### Participants in this programme gain access to the following offerings



**Generative AI-powered digital tool**



Creation of “sustainability officer-quality” decarbonisation plans with minimal effort and expertise



**Expert-led decarbonisation workshops**



Structured, sector-specific training, factoring in level of decarbonisation maturity and challenges within each sector



**Assistance to obtain ecosystem support**



Access to network of financial and non-financial partners (e.g., suppliers)



**Dedicated ongoing decarbonisation advisory**



Continuous guidance from decarbonisation experts to enable SMEs to be future-proofed and prepared for upcoming regulations



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